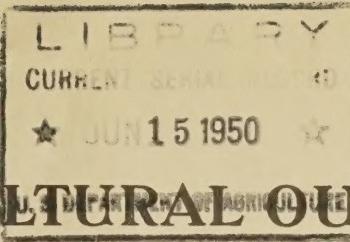


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The AGRICULTURAL OUTLOOK DIGEST

U. S. DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS, U. S. D. A.

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BHE

MAY 1950

Prices received by farmers generally continued to advance in recent weeks.

In mid-May, farmers' prices averaged about 2 percent higher than a month earlier; 6 percent higher than in December when they were the lowest since the January 1948 peak; only 2 percent below May 1949.

The upward movement in farmers' prices is due largely to a stronger demand and a seasonal decline in marketings.

Stronger demand for farm products has been generated by the upsurge in nonfarm economic activity. Industrial production is now within 4 percent of the postwar peak. Construction continues at a record breaking pace. Employment is increasing while unemployment is shrinking. Reflecting high level activity, consumer income has been rising and in March was well above a year ago.

In advance of the index of prices received from mid-April to mid-May, meat animals, cotton, wool, soybeans and corn registered the largest increases.

Other price indexes also are on the uptrend. Wholesale prices continued to rise in May and are about the same as a year earlier.

Prices paid by farmers including interest, taxes, and wage rates, also advanced in May and the index is slightly above the May 1949 level.

With prices received by farmers rising more than those they pay, the parity ratio moved up slightly to 97, the highest since November 1949.

FARM REAL ESTATE Slightly higher farm real estate values in 19 States raised the U. S. average for March 1 percent above last November. Values showed the greatest strength in States from North Dakota and Minnesota south through Texas and Louisiana.

Increase erased only part of the drop from the postwar peak. Average for the country still is 5 percent below the November 1948 high and 3 percent below March of last year.

LIVESTOCK AND MEAT Price prospects for farmers who expect to market livestock this summer are generally favorable.

Prices for barrows, gilts and well-finished cattle are expected to rise with the peaks coming in late summer. The autumn drop in hogs is likely to be at least average; that for top grade cattle moderate.

Stocker and feeder cattle and lower grades of slaughter steers probably will decline seasonally this summer.

Seasonal declines also are in prospect for sheep and lambs, though perhaps somewhat less than usual.

DAIRY PRODUCTS In every month since mid-1948, production of milk per cow has set a new record. During most of the last year, the number of milk cows has increased. Output of milk is likely to continue at a high rate unless crop and pasture conditions become unfavorable. There is a good chance that the total flow for the year will top the 1945 record of $121\frac{1}{2}$ billion pounds.

Prices of milk for fluid consumption continue to decline slowly from the postwar peak. On the other hand, manufacturing milk, which dropped sharply in late 1948 and early 1949, remains steady.

POULTRY AND EGGS Egg prices received by farmers this spring have never risen more than 2 cents above the February average of 29.6 cents, the lowest in 6 years. In mid-May, the average was back down to the February level. Weakness in the markets has been accompanied by large offerings of dried eggs to CCC and a considerable movement of eggs into cold storage.

Chicken prices also declined from mid-April to mid-May. This probably reflected the general expectation that marketings of young birds from farms will soon increase, as will the sale of commercial broilers.

FEEDS Smaller quantities of feed grains not in government hands and below average condition of pastures and early-sown feed grains have contributed to the recent rise in most feed grain prices. In May, prices of feed grains, wheat millfeeds and oilseed meals were higher than a year earlier.

WHEAT We may grow less wheat this year than we will consume and export. The May 1 crop report estimated winter wheat production at 690 million bushels, 212 million bushels less than the 1949 crop. Spring wheat is not likely to bring total up to one billion. Domestic consumption is likely to be about 700 million bushels, exports around 300 million.

Because of the smaller crop now in prospect, wheat prices after harvest may not fall as far below the loan as in some recent years.

FRUIT AND VEGETABLES The peach crop in the 10 southern early States is expected to be about half as large as the small 1949 crop. As a result, growers' prices are expected to average above those of last year.

The late spring strawberry crop is about the same as in 1949. Demand for both freezing and fresh use is strong and prices in June probably will average a little higher than a year earlier.

For the next two months, prices received by farmers for potatoes are expected to be moderately lower than last year. The late spring crop is expected to be about the same as a year earlier. Acreage planted for summer harvest is slightly smaller than last year. Through May 10, only about half as many new crop potatoes had been purchased for price support as in the same period of 1949.

Fresh vegetable prices are expected to decline about seasonally this summer. Compared with last year, prices are likely to average a little lower since estimates of planted acreage indicate an increase.

COTTON Prices of spot cotton reached the season's highest level in May. Export demand continues strong. Demand by domestic mills continues about the same as in recent months.

WOOL Wool production is likely to be at the lowest level on record this year. Output of shorn wool is expected to drop to 212 million pounds, grease basis, 5 million less than last year. Output of pulled wool probably will be down to 35 million pounds compared with 36.4 last year.

With production low, mill consumption likely to increase and foreign markets active, wool prices are expected to stay strong for some time.

TOBACCO Smaller tobacco production than last year is likely if yields per acre do not exceed the average of recent years. Acreage allotments for burley, fire-cured and dark air-cured are lower than last year but the flue-cured allotment is slightly larger. Continental cigar types and Maryland tobacco are not under acreage allotments or marketing quotas.

Larger stocks of most tobacco at the beginning of the 1950-51 season will help offset any declines in 1950 tobacco output.

Demand for flue-cured and burley this year is expected to be fairly strong. Prices received by growers probably will be in line with those of recent years. Support levels probably will exceed those of last season.